

Message Text

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 EC BRU 01776 210441Z

42

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 L-03

XMB-02 /082 W

----- 060696

R 201903Z FEB 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 579

INFO ALL EC CAPITALS 1720

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

LIMITED OFFICIAL USE EC BRUSSELS 01776

E.O. 11652: N/A

TAGS: EFIN, ETRD, EEC

SUBJECT: EXPORT CREDIT NEGOTIATIONS - EC COMMISSION OUTLINES ITS PLANS

REF: (A) EC BRUSSELS 1577, (B) EC BRUSSELS 676, (C) EC BRUSSELS 1329,
(D) EC BRUSSELS 1330

1. BEGIN SUMMARY: EC COMMISSION OFFICIALS SAY EFFORTS ARE UNDER WAY TO FIND A COMPROMISE TO THE CONSTITUTIONAL DISPUTE OVER EC COMPETENCE IN AN AGREEMENT TO LIMIT EXPORT CREDITS. THE SMALL MEMBER STATES ARE INTERESTED IN PARTICIPATING IN UNILATERAL DECLARATIONS AND REPORTEDLY ARE TAKING A FLEXIBLE APPROACH TOWARD THE PROCEDURE OF IMPLEMENTING AN AGREEMENT. THE COMMISSION PLANS TO DELAY A DECISION ON ITS PROPOSAL TO PHASE OUT COST ESCALATION INSURANCE UNTIL MARCH 24 IN ORDER TO AVOID ENTANGLING THIS ISSUE WITH THE DISPUTE OVER EC COMPETENCE TO NEGOTIATE A GENTLEMEN'S AGREEMENT. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 01776 210441Z

2. EXPORT CREDIT GENTLEMEN'S AGREEMENT: COMMISSION OFFICIALS INTERPRET

FRENCH COMMENTS AT THE FEBRUARY 16 FINANCE COUNCIL MEETING (SEE REF A)

ASA MANIFESTATION OF A STRONG GOF DESIRE TO PRESERVE ITS FLEXIBILITY. SHOULD THE EC ENTER INTO AN EXPORT CREDIT AGREEMENT, THE FRENCH ARE FEARFUL THAT THEY WOULD BE BOUND TO IT AND CONSEQUENTLY COULD NOT EASILY WITHDRAW FROM IT. THE COMMISSION IS CONSIDERING AN EFFORT TO MEET THE FRENCH PART WAY BY CHANGING ITS REQUEST FOR A NEGOTIATING MANDATE (SEE REF C). IT MIGHT INCLUDE A PROVISION THAT A MEMBER STATE CAN CALL FOR A REVIEW OF THE AGREEMENT AT ANY TIME. THIS WOULD ASSURE MEMBER STATES THAT SHOULD THEY HAVE PROBLEMS WITH IMPLEMENTATION OF THE AGREEMENT, THEIR VIEWS WOULD BE HEARD. WE DO NOT KNOW HOW THE FRENCH WOULD REACT TO SUCH A PROPOSITION. THE FRENCH DELEGATION HERE SAYS THAT FOURCADE IS PERSONALLY MAKING THE DECISIONS ON THIS ISSUE.

3. COMMISSION PLANS: COMMISSION OFFICIALS TELL US THAT THEY PLAN TO SEEK PROMPT COMMITTEE OF PERMANENT REPRESENTATIVES CONSIDERATION OF THEIR REQUEST FOR A NEGOTIATING MANDATE. AT THE SAME TIME THEY WILL SEEK A COMPROMISE OVER THE CONSTITUTIONAL QUESTION OF THE COMPETENCE OF THE EC IN EXPORT CREDITS. FOR EXAMPLE, UK OFFICIALS HAVE SUGGESTED INCLUDING IN THE AGREEMENT A SUBJECT THAT DOES NOT DEAL WITH EXPORT CREDITS AND WOULD BE OUTSIDE OF THE EC COMPETENCE. THIS WOULD THEN REQUIRE DECLARATIONS BY BOTH MEMBER STATES AND THE EC. SUCH A PROCEDURE MIGHT HELP SOLVE SOME MEMBER STATE CONCERNS THAT THE EC SHOULD NOT BE GIVEN AN EXCLUSIVE ROLE IN THIS MATTER. COMMISSION OFFICIALS HOPE THAT, SHOULD THE UK PROPOSE INCLUDING A NEW ELEMENT IN THE ONGOING DISCUSSIONS, US OFFICIALS WILL CONSIDER IT IN THE LIGHT OF THE EC EFFORTS TO WORK OUT ITS INTERNAL PROCEDURAL PROBLEMS. COMMENT: OUR IMPRESSION IS THAT THIS PROPOSAL WILL NOT MEET FRENCH DESIRES TO RETAIN NATIONAL FLEXIBILITY IN THIS AREA.

4. FRG PERDEL SOURCES TELL US THAT COMMISSION DIRECTOR KLEIN PLANS TO GO TO BONN TO DISCUSS EXPORT CREDIT DEVELOPMENTS. THESE SOURCES ADD THAT BOTH THE SMALL MEMBER STATES AND THE COMMISSION HAVE BEEN FULLY INFORMED OF THE CONTENTS OF THE LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 EC BRU 01776 210441Z

PROPOSED UNILATERAL DECLARATIONS. THE SMALL STATES REPORTEDLY ARE INTERESTED IN PARTICIPATING. THESE STATES HAVE NO MAJOR DISAGREEMENTS WITH THE TERMS OF THE PROPOSAL AND ARE WILLING TO BE FLEXIBLE ON PROCEDURES. (THIS IS THE VIEW OF OUR FRG SOURCES, BUT WE DO NOT KNOW WHETHER THE SMALL STATE CAPITALS AGREE.)

5. COST ESCALATION INSURANCE: EC COMMISSION OFFICIALS INFORM US THAT THE COMMISSION IS EXPECTED TO ACT ON ITS DRAFT DIRECTIVE TO PHASE OUT COST ESCALATION INSURANCE SCHEMES AT ITS MARCH 24 MEETING. THIS DECISION WOULD BE ALONG THE LINES OF THE PROPOSAL

REPORTED IN REF B, BUT IN ORDER TO MITIGATE ADVERSE REACTIONS FROM SOME MEMBER STATES, PARTICULARLY FROM FRANCE, THE PHASE-OUT PERIOD MIGHT BE EXTENDED FROM THREE TO FOUR YEARS. THESE OFFICIALS ORIGINALLY WERE HOPING TO OBTAIN A COMMISSION DECISION BY MARCH 15. HOWEVER, THEY DECIDED TO DELAY A DECISION IN ORDER TO AVOID ENTANGLING THIS PROPOSAL WITH CURRENT EFFORTS TO OBTAIN A COUNCIL MANDATE TO NEGOTIATE AN EXPORT CREDIT GENTLEMEN'S AGREEMENT. HINTON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, EXPORT CREDIT GUARANTEES, CREDIT AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU01776
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760067-0265
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760231/aaaabarg.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 1577, 76 EC BRUSSELS 676, 76 EC BRUSSELS 1329
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAR 2004 by ElyME>; APPROVED <31 MAR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT CREDIT NEGOTIATIONS - EC COMMISSION OUTLINES ITS PLANS
TAGS: EFIN, ETRD, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006